



Independent Evaluation Service of the Rural Development Programme 2014-2020 of the Campania Region in accordance with the European Agricultural Fund for Rural Development (EAFRD).)

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Monothematic report 2020: The generational turnover dynamics in the rural households of Regione Campania

NON-TECHNICAL SYNTHESIS



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Introduction

This Monothematic Report (hereafter MR) analyzes the dynamics characterizing the generational turnover process in the rural households of Regione Campania as promoted by the RDP 2014- 2020.

This pivotal theme for rural development has been addressed by the Campania Region through the activation of Measure 6.1.1 "Premium for young farmers who settle as farm managers for the first time". Furthermore, the Campania Region, in an integrated planning perspective, allows newly settled young farmers to access the intervention 4.1.2 "Investments for generational turnover in farms and the inclusion of qualified young farmers".

In general, the policy pursues the following objectives:

- ▶ encouraging the entry of young people - under 40 – in the agricultural sector to decrease the loss of competitiveness which is mainly caused by the progressive aging of the farms' managers and the abandonment of agricultural practice;
- ▶ improving business performance increasing farms' strategic "weight" within supply chains and mitigating their environmental impact.

In order to analyze both of these objectives, it was necessary to describe and investigate various dimensions of the phenomenon. This offered the MA the opportunity to know the "background" and results of the interventions carried out for this particular productive sector in Campania. In addition, with respect to the original research design, it was considered useful to include the impact of the economic crisis triggered by the COVID-19 pandemic which affected, among others, the agricultural sector of Campania from the first quarter of 2020. Moreover, the topic represents a cross-cutting theme with other surveys conducted by the Independent Evaluator for the Campania region.

Therefore, the themes for the analysis proposed and developed by the evaluator in this in-depth study were:

- a) Analysis of the generational turnover interventions implemented by RDP measures (Ordinary Calls 6.1.1 and 4.1.2);
- b) Analysis of the main results of the interventions not only in physical and quantitative terms, but also in terms of expectations - achieved or not achieved - by the beneficiaries;
- c) Analysis of the implementational context necessary to deepen, from a system perspective, the favorable or hostile elements that affect the generational turnover process.

1. Rationale and objectives

The research aimed to analyze, describe and explain the main results achieved in terms of improved organizational, economic and social performance due to the implementation of specific interventions as a result of the support provided for the entry of young farmers in the agricultural sector. As stated in the opening, this represents one of the main objectives of the Rural Development Program 2014-2020 of the Campania Region.

In order to present the typologies of farms that carried out these interventions, the main information (location and company size, OTE, type of intervention carried out, etc.) on the characteristics of the beneficiaries were systematized. It is important to highlight that only the projects concluded as of 31/12/2019 of the TI 6.1.1 and 4.1.2 "ordinary call" were considered for this study. The geographical location of these farms was presented through the cartographic reproduction to offer an immediate reference on the location of funding.

The core of this thematic study is focused on the results of direct interviews carried out with the beneficiaries, they shared the results of improvements - physical, productive and managerial - introduced in the company thanks to the investments. The interviewees have also highlighted prospects for future developments regarding their farms. In this context, information about the economic and productive fallout that affected farms during the first phase of the health emergency caused by COVID-19 was also collected. This was important to understand how young entrepreneurs reacted to cope with a market that suddenly changes its demand and methods of access to sales.

Building up from the information gathered and looking ahead to the next programming period, the evaluator has finally formulated its conclusions and relative recommendations for better defining the tools to support the generational turnover.

2. Materials and methods

To fulfill the objectives of this report, different methodological approaches were used throughout the analysis. This mixture of methods aimed at reconstructing the contextual and programming framework of the policy object of this in-depth study.

With respect to the original approach of the field research activities and in-depth analysis with privileged witnesses, the spread of the second wave of COVID-19 - starting in October 2020 - made it impossible to carry out direct meetings (face-to-face interviews with beneficiaries, in-depth case study and organization of the Focus Group), leading the evaluator to find alternative solutions that were just as effective.

In particular, in order to conduct in-depth interviews with the beneficiaries selected as the "factual" and "counterfactual" groups, the evaluator decided to proceed with an initial telephone contact with the interlocutor. Once the time for the interview was scheduled, the interview

outline (attached) was sent. This allowed the beneficiaries to collect some administrative data related to the intervention and to socialize with the themes that would be addressed during the interview.

The Focus Group was carried out remotely, inviting the selected experts to participate on the MS Teams platform made available by the evaluator.

The activities carried out and the initial results achieved are described below.

The secondary data were collected from the AGEA DB relating to structural measures and from the Sistema di Monitoraggio Agricolo Regionale (SISMAR) - data as at 31/12/2020. These data represent the background on which the informational base of the projects financed by TI 4.1.2 and TI 6.1.1 was constructed. The analysis of both DBs made it possible to cross-reference important detailed information on financed interventions (intervention paid, type of intervention and sub-intervention activated, OTE, geographical location, provincial office of reference, etc.), crystallizing the state of the art of the interventions that are actually implemented and concluded, i.e. paid "in full".

The same path was followed to construct the counterfactual sample: the analysis identified the applications for initial settlement as at 31/12/2019 to which the application for investments ex TI 4.1.2 was not associated, leaving out the information on the balance of the intervention. The focus of the survey in fact concentrates more attention on the starting conditions of the beneficiaries and the choices made (or undergone) for financing ex TI 4.1.2 rather than on the specific results achieved.

Once the universe was obtained (299 "integrated" projects concluded as of December 31, 2019), the methodology included 30 direct surveys on the "integrated" projects. The projects selected had to be concluded by 31/12/2019 given that it is thought that after this time it is possible to have a feeling of the first results in terms of improvement of economic, social and environmental performance. The identification of the sample followed a logic of proportionality and stratification broken down by province and ETO (ref. par. 4.3.1).

The main objective of the direct surveys addressed to the beneficiaries of TI 4.1.2 and 6.1.1 was to investigate whether the physical investment made as a young farmer newly settled was presenting the first results both in quantitative (e.g. increase in sales volumes, increase in marketing channels, increase in the selling price of the final product, increase in the general quality of the products, etc.) and in qualitative terms (correspondence of the intervention to the objectives of business development, ability of the intervention to promote further opportunities for business development, etc.). As mentioned at the beginning, the last part of the interview was dedicated to the impact of the first wave of the COVID-19 emergency (February-July 2020) on the production and sales levels. This was crucial to understand the impact of the health emergency on the farms' economy.

On the other hand, as far as the realization of the interviews on the counterfactual sample is concerned, the survey has revealed the objectives of the Development Business Plan

presented with the application M 6.1.1 and the choices made for the realization of further interventions on the farm with or without M 4.1.2.

In both cases the collection of primary data was therefore carried out through the implementation of in-depth interviews with CATI methodology on the basis of 2 different questionnaires used as a basic outline (attached).

As an in-depth study, a case study similar to a "best practice" has also been identified: the evaluator has in fact considered that the young farmer was able to use the support for first settlement at its full potential, integrating premium and interventions and applying his own entrepreneurial dynamism.

The evaluation process included a final moment of sharing where the results emerged (analysis of monitoring data and direct investigations) were discussed together with experts from both the scientific and economic world of agriculture and rural areas of Campania. The organization of a Focus Group has allowed for a thoughtful and holistic interpretation of the results collected during the study.

3. Main conclusions and recommendations regarding the next programming period

► Main conclusions

- With regard to the objective of encouraging the entry of young people under 40 in agriculture, **the number of participants in the specific calls clearly shows the interest and expectations that these have generated in the area.** The high participation level is undoubtedly a positive response to the expectations of the programmer. The characteristics of the beneficiary companies, both with reference to the average age of the conductors, which in the case of the first ordinary call TI 6.1.1 and TI 4.1.2 is less than 30 years¹, and in terms of revitalization and repopulation of rural areas, considering that the largest number of funded interventions falls in area C and D, are also in line with the expectations.
- Another aspect to take into consideration is the **establishment of new businesses.** According to what emerged from the interviewees, **the vast majority of them settled in pre-existing businesses already owned by their families.** This aspect undoubtedly reveals difficulties for those who do not have the possibility to take over from their parents highlighting the high entry costs linked with the start-up of an activity and to land ownership. In relation to the takeovers and with specific reference to the realities investigated with the in-depth interviews, there were positive results with

¹ Il valore si mantiene pressoché stabile rispetto all'età media del totale dei partecipanti alla Misura 112 della precedente programmazione 2007-2013 della Regione Campania (Fonte: Rapporto di Valutazione ex post PSR 2007-2013 della Regione Campania).

respect to the second objective: **it seems the beneficiaries were able to make investments capable of redefining the "structure" of the family business** by focusing on the relaunch of competitiveness, diversification of production and income sources, multifunctionality, creation of networks (also to expand their markets). All this choosing the path of continuous professional growth, demonstrating a growing awareness on the strategic importance of competitiveness.

- Regarding the **problems** linked to the process of participating and obtaining financing, young farmers that were interviewed agree in identifying the time needed for the entire procedure to end - presentation of the application, communication of the results and obtaining financing - as the greatest limit to the realization of their projects, also in terms of additional burdens for potential beneficiaries. Exposure to banks remain one of the main limits for young people and it can become more burdensome due to administrative delays in the awarding and disbursement of payments. Not to mention that administrative times are often not congruent with those of production.
- At the same time, however, it should be pointed out that **the beneficiaries have acknowledged the effective support provided by the territorial structures** of the Region, through technicians. This facilitated the interpretation of regulations and implementation procedures.
- **The conclusions** highlighted above, which emerge from the analysis of the procedures and the results of the direct surveys, **seem to characterize the entire Campania context** in which the generational turnover operates. As emerged during the Focus Group and from studies carried out on the subject, the problems linked to access to land, access to credit, scarcity of essential services and infrastructures in rural areas, as well as the lack of adequate professionalizing training support for those who intend to undertake this kind of activity, need a further effort from the regional administration in terms of coordination and creation of synergy between different interventions.
- Such evidence also emerged, among others, in the audit conducted by the European Court of Auditors aimed at understanding the role of European instruments in favoring generational change and the entry of young people in agriculture. This other study was carried out following the verification of the reduction of young farmers in Europe. In this respect, **the policy design for the next programming period**, which has to consider the responsibilities of the different levels of governance, **will have to be more tailored to the specific needs of young people** and territories, aiming at the achievement of measurable and definable objectives - by farmers and companies - ex ante in a sustainable way.

► **Main recommendations**

- **The response time of the "administrative machine"** emerges as a negative element in the vast majority of the surveys on experiences related to participation in the RDP for access to investment measures and, in this case, also for the youth premium. It is, therefore, appropriate to investigate and take advantage of the positive and negative experiences of central and peripheral regional structures in order to **overcome the main critical elements** that arise and/or recur in the phases of preparation, management and/or implementation of interventions.

- **Access to credit:** it should be verified the possibility of expanding the range of opportunities offered in the future within the framework of financial instruments, for example by providing mixed instruments (non-repayable financing + guarantee fund) to make the implementation of interventions co-financed by the RDP easier and more convenient.
- **Training and lifelong learning:** it would be opportune to hypothesize the launch of a survey of the main training needs, envisaging coaching and mentoring activities and exchanges of experiences that would complete and differentiate the tools aimed at strengthening skills and developing new and more collaborative networks in the future.
- **Access to land:** leaving aside issues related to the dynamics of the agricultural land market - sales prices, availability and rents, etc. - it would be appropriate to sponsor the Campania "Land Bank" as an initiative promoted by the Region itself. It would also be advisable to verify the possibility of negotiating the inclusion of alternative types of ownership to 'purchase', which represents a limitation that currently affects the effectiveness of the Land Bank (this constraint was highlighted by participants in the FG with reference to the tool managed by ISMEA). Furthermore, it would be appropriate to include other information relating to the land - morphological and productive characteristics, presence of buildings, etc - in the database.
- **Fighting rural depopulation:** for this specific aspect, it would be necessary to foster synergies between different strategies, tools and results obtained - or obtainable - from various policies - SNAI, LEADER and other ESI funds - and from governmental institutions acting at different levels - national, regional and local.